Moretele Local Municipality
Annual Financial Statements
for the year ended 30 June 2015

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	The main business operations of the municipality is to engage in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community: Rates and general services - All types of services rendered by the municipality, excluding the following; Housing Services - Supply housing to the community and includes the rental of units owned by the municipality to public and staff; Waste Management Services - The collection, disposal and purifying of waste, refuse and sewerage; Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality; and Water Services -Supplying water to the public
Municipal demarcation code	NW 371
Mayoral committee	
Executive Mayor	Lehari JS
Speaker	Magongwa JL
Single whip	Motsepe KL
Councillors	Baloyi BW
	Bhiya MM
	Chauke SR
	Golele KJ
	Hlongwane JR
	Kau MJ
	Kekana RAM
	Kgoele MN
	Khoza MB
	Lehele MM
	Letebele LM
	Letlhabi PS
	Mabasa RD (deceased 01/05/2015)
	Mabatle PS
	Mabena PM
	Mabika DM
	Madise MJ (resigned 01/12/2014)
	Maimane ML
	Makgamatho DM
	Makhathulela GM
	Makhubela J
	Makhudu MP
	Makwela JM
	Maluleka MB
	Mangema BM
	Mashabane O (appointed 01/04/2015)
	Mathatho S
	Matheba RH
	Matlou SM (appointed 01/04/2015)
	Mbekwa DBS
	Mboweni EG
	Mleta NK

General Information

	Moetji MM Mogale MA Mokadi LK Mokondo KR Molefe KJ Molobi ME Moloisane P Monaheng MA Moraka KO Mosipa ME Mosupye RJ Motselele ME Ngobeni TT Ramadi MA Rambawa MM Rampou MT Rapholo RH (appointed 27/03/2015) Sankoane DD Seemela DN Sekhaolela TL Semenya SM Setlhare ME (deceased 01/01/2015) Songola ME
Grading of local authority	Grade 3
Capacity of local authority	Low capacity
Accounting Officer	Nkhumise TSR
Chief Finance Officer (CFO)	Rampedi MN
Registered office	Municipal Offices 4065B Mathibestad North West Province South Africa
Business address	Municipal Offices 4065B Mathibestad North West Province South Africa
Postal address	Moretele Local Municipality Private Bag X 367 Makapanstad South Africa 0404
Bankers	ABSA Bank (Pretoria North) Standard Bank Nedbank
Auditors	Auditor General of South Africa

General Information

Attorneys	Mosire Tsiane & Associates

Index

The reports and statements set out below comprise the annual financial statements presented to the council:

Index	Page
Accounting officer's Responsibilities and Approval	5
Audit Committee Report	6
Accounting officer's report	7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes in Net Assets	10
Cash Flow Statement	11
Statement of Comparison of Budget and Actual Amounts	12 - 14
Appropriation Statement	15 - 17
Accounting Policies	18 - 42
Notes to the Annual Financial Statements	43 - 90
Appendix B: Analysis of Property, Plant and Equipment	91

Abbreviations

BVA	Statement of Actual vs Budget
CF	Cash Flow Statement
DWA	Department of Water Affairs
GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MSIG	Municipal Systems Improvement Grant
SOFP	Statement of Financial Position
SOPR	Statement of Financial Performance

Accounting officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the municipality sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for auditing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements set out on pages 7 to 90, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on his behalf by:

Accounting Officer
Nkhumise TSR

Moretele Local Municipality
31 August 2015

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2015.

Audit committee members and attendance

The Audit Committee must meet at least four times per annum as required by section 166(4)(b) of the Municipal Finance Management Act. The audit Committee met Seven (7) times in the 2014/15 financial year as listed below:

Name of member and position held	Number of meetings attended
Adv. JL Thubakgale (Chairperson)	7
Mr C Motau (Member)	5
Mr NT Mabunda (Member)	7

NB: Due to his unavailability, Mr. L Majake resigned as a member of the Audit Committee.

The following, although not members of the Audit committee, have standing invitation to Audit Committee meetings:
(i) The Accounting Officer
(ii) The Chief Financial Officer
(iii) The Section 57 Managers/ Departmental Heads
(iv) The Auditor-General
(v) The National Treasury
(vi) Department of Finance, Economy and Enterprise Development
(vii) Department of Local Government and Human Settlement
(viii) Internal Audit (Secretariat function).

Audit committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Sections 166 (2) of the Municipal Finance Management Act. We further report that we have conducted our affairs in compliance with this charter**.**

Internal audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity in its audits. The Internal Audit is implementing their 2014/2015 annual plan as approved by the Audit Committee. The Committee met with Internal Audit during the year to ensure that the function is executed effectively and objectively (from management). We are satisfied with the content and quality of quarterly reports prepared and issued by the internal auditors.

The effectiveness of internal control

The system of internal control employed by the entity to financial and risk management is effective, efficient and transparent. In line with the MFMA, Internal Audit provides the Audit Committee and management with reasonable assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

Evaluation of annual financial statements

We have reviewed and discussed the unaudited annual financial statements. The final Action Plan to address Auditor General's findings was not submitted to the committee and we cannot give assurance that management has fully addressed the prior year's findings.

Auditor-General of South Africa

The office of the Auditor General South Africa was invited to our meetings, and we met to ensure that there are no unresolved issues.

_____

Adv L Thubakgale
Chairperson - Audit Committee

Date: _____

Accounting officer's report

The accounting officer submits his report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services to residents and operates principally in South Africa.

Net surplus of the municipality was R 136 545 838 (2014: deficit R 12 713 280).

2. Going concern

We draw attention to the fact that at 30 June 2015, the municipality had accumulated surplus of R 1 021 331 273.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continues to procure funding for the ongoing operations for the municipality.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

The accounting officer has verified the litigations register against the legal reports and furthermore scrutinised daily news papers for any articles that might negatively impact the municipality.

In addition to this, there are no favourable or unfavourable events that occured between the end of the reporting period and the date when the financial statements were issued.

4. Accounting policies

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board as per the prescribed framework by National Treasury.

5. Accounting officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name
Nkhumise TSR

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	46 438 815	20 485 699
Inventories	4	914 050	414 437
Receivables from non-exchange transactions	5	14 253 848	1 843 565
VAT receivable	6	13 569 159	4 448 072
Receivables from exchange transactions	7	14 797 495	9 615 901
		89 973 367	**36 807 674**
Non-Current Assets			
Property, plant and equipment	8	1 016 747 039	962 346 659
Total Assets		**1 106 720 406**	**999 154 333**
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	72 661 655	111 402 998
Finance lease obligation	10	43 973	30 350
Unspent conditional grants and receipts	11	10 006 505	602 550
		82 712 133	**112 035 898**
Non-Current Liabilities			
Long service award liability	12	2 677 000	2 333 000
Total Liabilities		**85 389 133**	**114 368 898**
Net Assets		**1 021 331 273**	**884 785 435**
Accumulated surplus		1 021 331 273	884 785 435

* See Note 36

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 Restated*
Revenue			
Service charges	14	39 303 989	24 961 627
Property rates	15	40 411 895	19 247 483
Government grants and subsidies	16	410 277 850	298 345 687
Interest received	17	13 230 043	6 630 647
Rental of facilities	18	83 562	70 815
Other income	19	1 458 869	1 668 967
Total revenue		**504 766 208**	**350 925 226**
Expenditure			
Remuneration of councillors	20	(17 470 184)	(16 635 126)
Employee costs	21	(67 466 047)	(55 789 573)
Debt impairment	22	(47 163 649)	(62 706 326)
Depreciation and amortisation	23	(78 160 490)	(85 202 994)
Impairment loss	24	(5 129 089)	(525 350)
Finance costs	25	(104 695)	(9 194)
Repairs and maintenance	26	(14 610 529)	(8 135 162)
Bulk purchases	27	(24 087 131)	(29 502 514)
Contracted services	28	(34 183 700)	(27 800 956)
General expenses	29	(79 729 082)	(76 947 284)
Total expenditure		**(368 104 596)**	**(363 254 479)**
Operating surplus (deficit)		**136 661 612**	**(12 329 253)**
Actuarial losses	12	(115 775)	(384 026)
Surplus (deficit) for the year		**136 545 837**	**(12 713 279)**

* See Note 36

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	952 567 614	952 567 614
Adjustments		
Prior year adjustments	(55 068 899)	(55 068 899)
Balance at 01 July 2013 as restated*	**897 498 715**	**897 498 715**
Changes in net assets		
Deficit for the year	(12 713 280)	(12 713 280)
Total changes	(12 713 280)	(12 713 280)
Restated* Balance at 01 July 2014	**884 785 435**	**884 785 435**
Changes in net assets		
Surplus for the year	136 545 838	136 545 838
Total changes	136 545 838	136 545 838
Balance at 30 June 2015	**1 021 331 273**	**1 021 331 273**

Note(s)

* See Note 36

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Services		25 250 949	70 371 382
Grants		419 681 805	279 666 682
Interest income		4 184 007	2 083 313
Other income		297 876	1 262 146
		449 414 637	353 383 523
Payments			
Employee costs		(65 247 731)	(54 670 993)
Suppliers		(202 131 611)	(162 248 756)
Finance costs		(104 695)	(9 194)
Remuneration of councillors		(17 470 179)	(16 635 126)
		(284 954 216)	(233 564 069)
Net cash flows from operating activities	32	**164 460 421**	**119 819 454**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(138 520 928)	(100 052 346)
Cash flows from financing activities			
Finance lease receipts/(payments)		13 623	(86 540)
Net increase/(decrease) in cash and cash equivalents		**25 953 116**	**19 680 568**
Cash and cash equivalents at the beginning of the year		20 485 699	805 131
Cash and cash equivalents at the end of the year	3	**46 438 815**	**20 485 699**

* See Note 36

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 44)
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	29 067 996	-	**29 067 996**	39 303 989	**10 235 993**	44.1
Rental of facilities	95 000	-	**95 000**	83 562	**(11 438)**	44.2
Other income	12 230 359	(11 543 859)	**686 500**	1 458 869	**772 369**	44.3
Interest received	8 741 130	-	**8 741 130**	13 230 043	**4 488 913**	44.4
Total revenue from exchange transactions	**50 134 485**	**(11 543 859)**	**38 590 626**	**54 076 463**	**15 485 837**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	21 233 485	9 918 324	**31 151 809**	40 411 895	**9 260 086**	44.5
Transfer revenue						
Government grants and subsidies	332 170 050	101 835 000	**434 005 050**	410 277 850	**(23 727 200)**	44.6
Total revenue from non-exchange transactions	**353 403 535**	**111 753 324**	**465 156 859**	**450 689 745**	**(14 467 114)**	
Total revenue	**403 538 020**	**100 209 465**	**503 747 485**	**504 766 208**	**1 018 723**	
Expenditure						
Employee costs	(73 930 845)	5 284 820	**(68 646 025)**	(67 466 047)	**1 179 978**	44.7
Remuneration of councillors	(17 831 243)	182 159	**(17 649 084)**	(17 470 184)	**178 900**	44.8
Depreciation and amortisation	(5 869 972)	-	**(5 869 972)**	(78 160 490)	**(72 290 518)**	44.9
Impairment loss/ Reversal of impairments	-	-	**-**	(5 129 089)	**(5 129 089)**	
Finance costs	(120 000)	(70 000)	**(190 000)**	(104 695)	**85 305**	44.10
Debt impairment	(8 387 009)	-	**(8 387 009)**	(47 163 649)	**(38 776 640)**	44.11
Repairs and maintenance	(17 904 570)	(951 775)	**(18 856 345)**	(14 610 529)	**4 245 816**	44.12
Bulk purchases	(47 295 000)	-	**(47 295 000)**	(24 087 131)	**23 207 869**	44.13
Contracted services	(28 680 066)	(8 876 800)	**(37 556 866)**	(34 183 700)	**3 373 166**	44.14
General expenses	(82 180 570)	1 257 323	**(80 923 247)**	(79 729 081)	**1 194 166**	44.15
Total expenditure	**(282 199 275)**	**(3 174 273)**	**(285 373 548)**	**(368 104 595)**	**(82 731 047)**	
Operating surplus	**121 338 745**	**97 035 192**	**218 373 937**	**136 661 613**	**(81 712 324)**	
Actuarial losses	-	-	**-**	(115 775)	**(115 775)**	
Surplus before taxation	**121 338 745**	**97 035 192**	**218 373 937**	**136 545 838**	**(81 828 099)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**121 338 745**	**97 035 192**	**218 373 937**	**136 545 838**	**(81 828 099)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 44)
Statement of Financial Position						
Assets						
Current Assets						
Inventories	713 133	-	**713 133**	914 050	**200 917**	
Receivables from non-exchange transactions	14 792 631	-	**14 792 631**	14 253 848	**(538 783)**	
VAT receivable	-	-	**-**	13 569 159	**13 569 159**	
Receivable from exchange transactions	20 250 663	-	**20 250 663**	14 797 494	**(5 453 169)**	
Cash and cash equivalents	12 412 800	-	**12 412 800**	46 438 815	**34 026 015**	
	48 169 227	**-**	**48 169 227**	**89 973 366**	**41 804 139**	
Non-Current Assets						
Property, plant and equipment	689 438 000	520 803 000	**1 210 241 000**	1 016 747 039	**(193 493 961)**	
Total Assets	**737 607 227**	**520 803 000**	**1 258 410 227**	**1 106 720 405**	**(151 689 822)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	43 973	**43 973**	
Payables from exchange transactions	40 395 000	(24 395 000)	**16 000 000**	72 661 656	**56 661 656**	
Unspent conditional grants and receipts	-	-	**-**	10 006 505	**10 006 505**	
	40 395 000	**(24 395 000)**	**16 000 000**	**82 712 134**	**66 712 134**	
Non-Current Liabilities						
Landfill closure liability	32 588 000	-	**32 588 000**	-	**(32 588 000)**	
Long service award liabilty	-	-	**-**	2 677 000	**2 677 000**	
	32 588 000	**-**	**32 588 000**	**2 677 000**	**(29 911 000)**	
Total Liabilities	**72 983 000**	**(24 395 000)**	**48 588 000**	**85 389 134**	**36 801 134**	
Net Assets	**664 624 227**	**545 198 000**	**1 209 822 227**	**1 021 331 271**	**(188 490 956)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	664 624 227	545 198 000	**1 209 822 227**	1 021 331 271	**(188 490 956)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 44)
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Services	27 047 444	9 918 323	**36 965 767**	25 250 949	**(11 714 818)**	
Grants	332 170 000	101 379 000	**433 549 000**	419 681 805	**(13 867 195)**	
Interest income	8 741 000	-	**8 741 000**	4 184 007	**(4 556 993)**	
Other income	12 325 000	(11 544 000)	**781 000**	297 876	**(483 124)**	
	380 283 444	**99 753 323**	**480 036 767**	**449 414 637**	**(30 622 130)**	
Payments						
Employee costs	(73 931 000)	5 285 000	**(68 646 000)**	(65 247 731)	**3 398 269**	
Suppliers	(176 060 000)	(8 761 000)	**(184 821 000)**	(202 131 611)	**(17 310 611)**	
Finance costs	(120 000)	-	**(120 000)**	(104 695)	**15 305**	
Remuneration of councillors	(17 831 000)	182 000	**(17 649 000)**	(17 470 179)	**178 821**	
	(267 942 000)	**(3 294 000)**	**(271 236 000)**	**(284 954 216)**	**(13 718 216)**	
Net cash flows from operating activities	**112 341 444**	**96 459 323**	**208 800 767**	**164 460 421**	**(44 340 346)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(118 666 000)	(89 946 000)	**(208 612 000)**	(138 520 928)	**70 091 072**	
Cash flows from financing activities						
Finance lease receipts/(payments)	-	-	**-**	13 623	**13 623**	
Net increase/(decrease) in cash and cash equivalents	(6 324 556)	6 513 323	**188 767**	25 953 116	**25 764 349**	
Cash and cash equivalents at the beginning of the year	43 093 009	(42 287 000)	**806 009**	20 485 699	**19 679 690**	
Cash and cash equivalents at the end of the year	**36 768 453**	**(35 773 677)**	**994 776**	**46 438 815**	**45 444 039**	

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2015											
Financial Performance											
Property rates	21 233 485	9 918 324	31 151 809	-		31 151 809	40 411 895		9 260 086	130 %	190 %
Service charges	29 067 996	-	29 067 996	-		29 067 996	39 303 989		10 235 993	135 %	135 %
Government grants & subsidies	332 170 050	101 835 000	434 005 050	-		434 005 050	410 277 850		(23 727 200)	95 %	124 %
Other income & rental	12 325 359	(11 543 859)	781 500	-		781 500	1 542 431		760 931	197 %	13 %
Interest received	8 741 130	-	8 741 130	-		8 741 130	13 230 043		4 488 913	151 %	151 %
Total revenue (excluding capital transfers and contributions)	**403 538 020**	**100 209 465**	**503 747 485**	**-**		**503 747 485**	**504 766 208**		**1 018 723**	**100 %**	**125 %**
Employee costs	(73 930 845)	5 284 820	(68 646 025)	-	-	(68 646 025)	(67 466 047)	-	1 179 978	98 %	91 %
Remuneration of councillors	(17 831 243)	182 159	(17 649 084)	-	-	(17 649 084)	(17 470 184)	-	178 900	99 %	98 %
Debt impairment	(8 387 009)	-	(8 387 009)			(8 387 009)	(47 163 649)	-	(38 776 640)	562 %	562 %
Depreciation and asset impairment	(5 869 972)	-	(5 869 972)			(5 869 972)	(83 289 579)	-	(77 419 607)	1 419 %	1 419 %
Finance charges	(120 000)	(70 000)	(190 000)	-	-	(190 000)	(104 695)	-	85 305	55 %	87 %
Materials and bulk purchases	(65 199 570)	(951 775)	(66 151 345)	-	-	(66 151 345)	(38 697 660)	-	27 453 685	58 %	59 %
Contracted services	(28 680 066)	(8 876 800)	(37 556 866)	-	-	(37 556 866)	(34 183 700)	-	3 373 166	91 %	119 %
General expenditure	(82 180 570)	1 257 323	(80 923 247)	-	-	(80 923 247)	(79 729 081)	-	1 194 166	99 %	97 %
Total expenditure	**(282 199 275)**	**(3 174 273)**	**(285 373 548)**	**-**	**-**	**(285 373 548)**	**(368 104 595)**	**-**	**(82 731 047)**	**129 %**	**130 %**
Surplus/(Deficit)	**121 338 745**	**97 035 192**	**218 373 937**	**-**		**218 373 937**	**136 661 613**		**(81 712 324)**	**63 %**	**113 %**
Actuarial loss	-	-	-	-		-	115 775		115 775	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	**121 338 745**	**97 035 192**	**218 373 937**	**-**		**218 373 937**	**136 545 838**		**(81 828 099)**	**63 %**	**113 %**

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital Expenditure and Funds Sources											
Cash Flows											
Net cash from (used) operating	112 341 444	96 459 323	208 800 767	-		208 800 767	164 460 421		(44 340 346)	79 %	146 %
Net cash from (used) investing	(118 666 000)	(89 946 000)	(208 612 000)	-		(208 612 000)	(138 520 928)		70 091 072	66 %	117 %
Net cash from (used) financing	-	-	-	-		-	13 623		13 623	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	**(6 324 556)**	**6 513 323**	**188 767**	**-**		**188 767**	**25 953 116**		**25 764 349**	**13 749 %**	**(410)%**
Cash and cash equivalents at the beginning of the year	43 093 009	(42 287 000)	806 009	-		806 009	20 485 699		19 679 690	2 542 %	48 %
Cash and cash equivalents at year end	**36 768 453**	**(35 773 677)**	**994 776**	**-**		**994 776**	**46 438 815**		**(45 444 039)**	**4 668 %**	**126 %**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives, issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Post employment benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

Effective interest rate

The municipality uses the government bond rate to discount future cash flows.

Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, it's cost is measured at the carrying amount of the asset given up.

Accounting Policies

1.3 Property, plant and equipment (continued)

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial measurement property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on a straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life (years)**
Buildings	5 - 50
Furniture and fixtures	4 - 7
IT equipment	3 - 5
Infrastructure	
• Community assets	25
• Electricity	15 - 50
• Roads and paving	3 - 80
• Sewerage	5 - 80
• Water	5 - 80
Land	Indefinite
Motor vehicles	7 - 15
Tools and loose gear	5 - 15

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate; unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit; unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

1.3 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such a difference is recognised in surplus or deficit when the item is derecognised.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Accounting Policies

1.5 Intangible assets (continued)

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis to their estimated residual values as follows:

Item	Useful life (years)
Computer software	3 - 5

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such a difference is recognised in surplus or deficit when the intangible asset is derecognised.

Accounting Policies

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Bank overdraft	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability, other than those subsequently measures at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures all other financial assets and financial liabiliites initially at fair value.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility in the case of a financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

1.6 Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognises the asset; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Accounting Policies

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the municipality assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Any contingent rents are recognised separately as revenue in the period in which they are received.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Accounting Policies

1.8 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Value-added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payments basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality will not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.12 Statutory receivables

Statutory receivables are receivables that:
- arise from legislation, supporting regulations, or similar means; and
- require settlement by another entity in cash or another financial asset.

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
  - the defnition of an asset is met; and
  - it its probable that future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

The municipality measures a statutory receivable initially at its transaction amount.

The municipality measures all statutory receivables after initial recognition using the cost method.

Under the cost method the amount recognised initially is only changed subsequently to reflect any:
- interest or other charges that may have accrued on the receivable;
- impairment loss; and
- amounts derecognised.

The municipality assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

For amounts due the the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been inccurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal does not result in a carrying amount of the statutory receivable that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where statutory receivables are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit wihtin operating expenses. When such receivables are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The municipality derecognises a statutory receivable when:
- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable;
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognises the receivable;
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

Accounting Policies

1.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Accounting Policies

1.13 Employee benefits (continued)

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.14 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Accounting Policies

1.14 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

Accounting Policies

1.14 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit;
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and accounts for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.10 and 1.11.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on municipalities in accordance with legislation (i.e. laws and/or regulations), other than:
- those outflows of resources that are within the scope of other Standards; and
- fines or other penalties that are imposed for breaches of the legislation.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time.

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy, but does not yet have a present obligation to pay that levy.

1.15 Discontinued operations

Discontinued operation is a component of the municipality that has been disposed of and:
- represents a distinguishable activity, group of activities or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a distinguishable activity, group of activities or geographical area of operations; or
- is a controlled entity acquired exclusively with a view to resale.

A component of the municipality is the operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the municipality.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Accounting Policies

1.16 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes (Property rates for municipalities)

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Collection charges and penalties

Collection charges and penalty interest are recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with the relevant legal requirements (if applicable).

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by debtors.

Where the municipality collects fines in the capacity of an agent, the fines will not be revenue of the municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue, is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exists in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by the municipality in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Service concession arrangements: Grantor

A service concession arrangement is a contractual arrangement between a grantor (the municipality) and an operator in which:
- the operator uses the service concession asset to provide a mandated function on behalf of the municipality for a specified period of time; and
- the operator is compensated for its services over the period of the service concession arrangement.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:
- is provided by the operator which:
  - the operator constructs, develops, or acquires from a third party; or
  - is an existing asset of the operator.

Accounting Policies

1.19 Service concession arrangements: Grantor (continued)

- is provided by the grantor (municipality) which:
  - is an existing asset of the municipality; or
  - is an upgrade to an existing asset of the municipality.

An asset is provided by the operator, or an upgrade to an existing asset of the municipality is recognised as a service concession asset if:

- the municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price;
- the municipality controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement.

The municipality measures initially a service concession asset at its fair value.

The municipality recognises a liability where a service concession asset is recognised.

The liability is initially recognised at the same amount as the service concession asset, adjusted by the amount for any consideration from the municipality to the operator, or from the operator to the municipality.

Where the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, the liability is accounted for as a financial liability in accordance with GRAP 104.

The payments made to the operator are accounted for according to their substance as:

- a reduction in the liability recognised;
- a finance charge; and
- charges for services provided by the operator.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments are allocated by reference to the relative fair values of the service concession asset and the services. If not, the service component of payments is determine using valuation techniques.

Where the municipality does not have an unconditional obligation to pay cash or another financial asset to the operator, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the liability is accounted for as the unearned portion of revenue arising from the exchange of assets between the municipality and the grantor.

The liability is reduced and revenue recognised according to the substance of the service concession arrangement.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 36 for detail.

Accounting Policies

1.21 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of ''allocation'' otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

1.25 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments, which are disclosed in note 33.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed if both the following criteria are met:

- contracts are non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.26 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

Accounting Policies

1.26 Grants in aid (continued)

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving raise to the transfer occurred.

1.27 Budget information

The approved budget is prepared on the accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.28 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 5 (revised 2013): Borrowing Costs

Benchmark treatment is to recognise borrowing costs as an expense.

Alllowed alternative is to capitalise borrowing costs if it is attributable to the acquisition, construction or production of a qualifying asset. All other instances, expense borrowing costs.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not expected to be material material.

GRAP 100 (revised 2013): Discontinued Operations

All accounting, presentation and disclosure requirements with regards to non-current assets held for sale (or disposal groups) have been deleted. The impact of the amendments is:

- Will no longer be required to reclassify assets as held for sale. GRAP 100 now only deals with discontinued operations.
- Certain disclosure must be made if, at the reporting date, management has taken a decision to dispose of a significant asset or a group of assets and liabilities. Will fall under the Standard of GRAP on Presentation of Financial Statements.

Measurement requirements are to be applied prospectively and presentation and disclosure requirements are to be applied retrospectively

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not expected to be material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 105: Transfers of Functions Between Entities Under Common Control

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between the amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values.

The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger.

A merger is where a new combined entity is started, acquirer can be identified and the conbining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The municipality (in this standard referred to as the reporting entity) applies this standard in:
- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the municipality and its related parties;
- identifying the circumstances in which disclosure of the items in bullet one and two is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the reporting entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:
- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- close member of the family of a person;
- management;
- related parties;
- remuneration; and
- significant influence.

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 11: Consolidation – Special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity (‘SPE’) may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called ‘autopilot’). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties (‘capital providers’) may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE’s activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE’s activities, even though it may own little or none of the SPE’s net assets.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2016 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2016 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. These amendments should be applied prospectively for annual financial periods beginning on or after the effective date.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. These amendments should be applied prospectively for annual financial periods beginning on or after the effective date, from the date at which the municipality first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. These amendments should be applied when the municipality applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of this amendment is in conjunction with the effective date of GRAP 105, 106 and 107.

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. These amendments should be applied prospectively for annual financial periods beginning on or after the effective date.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. These amendments and additionshould be applied when the municipality applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of this amendment is in conjunction with the effective date of GRAP 105, 106 and 107.

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 8 (as revised 2010): Interests in Joint Ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. These amendments should be applied prospectively for annual financial periods beginning on or after the effective date.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. These amendments and addition should be applied when the municipality applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of this amendment is in conjunction with the effective date of GRAP 105, 106 and 107.

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The expected impact of the standard is immaterial on the municipality’s annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this interpretation need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The interpretation has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Directive 11: Changes in Measurement Bases Following the Initial Adoption of Standards of GRAP

The objective of this directive is to permit the municipality to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this directive allows the municipality, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the municipality elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the municipality made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this directive, the municipality will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the directive is for years beginning on or after 01 April 2015.

The municipality expects to adopt the directive for the first time in the 2016 annual financial statements.

It is unlikely that the directive will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	721	3 386
Bank balances	4 156 260	2 409 801
Short-term deposits	42 281 834	18 072 512
	46 438 815	**20 485 699**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA BANK - Primary bank account - Cheque account - 405 331 7014	4 156 260	2 409 801	675 681	4 156 260	2 409 801	675 256
Standard bank - Call account - 228818389003	30 111 537	-	-	30 111 537	-	-
Nedbank - Call account - 7881118008	12 065 490	-	-	12 065 490	-	-
ABSA BANK - Call account - 407 953 2472	50 778	541 604	126 604	50 778	541 604	126 604
ABSA BANK - Call account - 928 666 2273	54 029	17 530 907	-	54 029	17 530 907	-
Total	**46 438 094**	**20 482 312**	**802 285**	**46 438 094**	**20 482 312**	**801 860**

4. Inventories

Consumable stores	717 404	238 381
Water	196 646	176 056
	914 050	**414 437**

Inventory pledged as security

The municipality did not pledge any inventory as security.

5. Receivables from non-exchange transactions

Staff debtors	56 519	11 719
Grant receivables	378 621	826
Incorrect allocation - Councillors pension	1 264 426	479 580
Interest receivables	37 479	364
Consumer debtors - Rates	12 516 803	1 351 076
	14 253 848	**1 843 565**

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions were neither past due nor impaired and can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Figures in Rand	2015	2014

5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

As of 30 June 2015, receivables from non-exchange transactions of R 21 025 841 (2014: R 5 359 042) were impaired and provided for.

The amount of the allowance for impairment was R 8 509 037 as of 30 June 2015 (2014: R 4 007 967).

The ageing of these receivables are as follows:

Rates		
Current (0 - 30 days)	8 789 672	180 590
31 - 60 days	312 513	74 509
61 - 90 days	311 627	74 494
91 - 120 days	311 338	74 485
121 - 365 days	1 998 749	524 831
> 365 days	792 905	422 167
	12 516 804	**1 351 076**

6. VAT receivables

VAT receivable	13 569 159	4 448 072

7. Receivables from exchange transactions

Gross balances		
Water	84 232 726	60 762 944
Refuse	30 529 560	14 889 552
Sundry services	27 678 003	18 943 622
	142 440 289	**94 596 118**
Less: Allowance for impairment		
Water	(75 647 324)	(54 676 723)
Refuse	(27 330 762)	(13 331 613)
Sundry services	(24 664 709)	(16 971 881)
	(127 642 795)	**(84 980 217)**
Net balance		
Water	8 585 402	6 086 222
Refuse	3 198 798	1 557 938
Sundry services	3 013 295	1 971 741
	14 797 495	**9 615 901**
Included in above is receivables from exchange transactions		
Water	8 585 402	6 086 222
Refuse	3 198 798	1 557 938
Sundry services	3 013 295	1 971 741
	14 797 495	**9 615 901**
Net balance	**14 797 495**	**9 615 901**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

7. Receivables from exchange transactions (continued)

Water		
Current (0 -30 days)	455 668	284 618
31 - 60 days	221 633	140 243
61 - 90 days	216 161	139 948
91 - 120 days	214 288	139 241
121 - 365 days	1 475 215	1 124 447
> 365 days	6 002 436	4 257 725
	8 585 401	**6 086 222**
Refuse		
Current (0 -30 days)	288 165	163 121
31 - 60 days	142 038	80 261
61 - 90 days	140 841	79 704
91 - 120 days	140 940	79 424
121 - 365 days	972 138	628 252
> 365 days	1 514 676	527 176
	3 198 798	**1 557 938**
Sundry debtors		
Current (0 -30 days)	228 433	103 598
31 - 60 days	106 438	71 436
61 - 90 days	101 691	46 877
91 - 120 days	96 774	44 884
121 - 365 days	449 753	297 639
> 365 days	2 030 206	1 407 307
	3 013 295	**1 971 741**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

7. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	8 542 156	4 911 728
31 - 60 days	4 108 848	2 431 533
61 - 90 days	4 058 496	2 409 826
91 - 120 days	4 024 549	2 397 015
121 - 365 days	26 596 570	20 169 730
> 365 days	92 397 093	60 548 241
	139 727 712	92 868 073
Less: Allowance for impairment	(125 721 056)	(83 650 728)
	14 006 656	**9 217 345**
Industrial/ commercial		
Current (0 -30 days)	129 677	68 027
31 - 60 days	63 008	33 177
61 - 90 days	62 455	33 284
91 - 120 days	62 751	32 843
121 - 365 days	324 435	249 092
> 365 days	1 438 066	1 036 387
	2 080 392	1 452 810
Less: Allowance for impairment	(1 858 520)	(1 302 142)
	221 872	**150 668**
National and provincial government		
Current (0 -30 days)	110 573	45 945
31 - 60 days	51 037	19 891
61 - 90 days	44 866	20 508
91 - 120 days	42 212	18 273
121 - 365 days	199 125	97 911
> 365 days	184 364	72 696
	632 177	275 224
Less: Allowance for impairment	(63 218)	(27 348)
	568 959	**247 876**
Total		
Current (0 -30 days)	8 782 406	5 025 701
31 - 60 days	4 222 894	2 484 602
61 - 90 days	4 165 818	2 463 620
91 - 120 days	4 129 513	2 448 132
121 - 365 days	27 120 135	20 516 738
> 365 days	94 019 524	61 657 325
	142 440 290	94 596 118
Less: Allowance for impairment	(127 642 795)	(84 980 217)
	14 797 495	**9 615 901**
Allowance for impairment		
Current (0 -30 days)	(7 687 753)	(4 451 991)
31 - 60 days	(3 752 786)	(2 215 036)
61 - 90 days	(3 707 125)	(2 197 091)
91 - 120 days	(3 677 511)	(2 184 582)
121 - 365 days	(24 223 026)	(18 466 397)
> 365 days	(84 594 594)	(55 465 120)

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

7. Receivables from exchange transactions (continued)

	(127 642 795)	**(84 980 217)**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(84 980 217)	(26 281 858)
Contributions to allowance	(42 662 577)	(58 698 359)
	(127 642 794)	**(84 980 217)**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	701 000	-	701 000	701 000	-	701 000
Buildings	10 900 179	(3 900 619)	6 999 560	10 900 179	(3 270 054)	7 630 125
Furniture and fixtures	6 524 800	(3 733 267)	2 791 533	7 394 660	(3 477 698)	3 916 962
Motor vehicles	7 154 300	(2 027 265)	5 127 035	7 154 300	(1 745 851)	5 408 449
Office equipment	1 499 476	(886 446)	613 030	1 625 338	(688 998)	936 340
Computer equipment	12 749 301	(11 788 458)	960 843	2 093 012	(1 040 444)	1 052 568
Leased assets	378 580	(358 884)	19 696	11 054 415	(10 126 409)	928 006
Infrastructure	1 544 067 339	(674 281 762)	869 785 577	1 406 544 404	(594 429 290)	812 115 114
Capital work in progress	129 444 503	-	129 444 503	129 593 235	-	129 593 235
Tools and loose gear	386 788	(82 526)	304 262	174 779	(109 919)	64 860
Total	**1 713 806 266**	**(697 059 227)**	**1 016 747 039**	**1 577 235 322**	**(614 888 663)**	**962 346 659**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Asset written-off	Transfers received	Transfers OUT	Depreciation	Impairment loss	Total
Land	701 000	-	-	-	-	-	-	701 000
Buildings	7 630 125	-	-	-	-	(630 565)	-	6 999 560
Furniture and fixtures	3 916 962	359 848	(605 132)	-	-	(880 145)	-	2 791 533
Motor vehicles	5 408 449	-	-	-	-	(281 414)	-	5 127 035
Office equipment	936 340	4 162	(50 364)	-	-	(277 108)	-	613 030
Computer equipment	1 052 568	373 374	(155 864)	900 788	-	(1 210 024)	-	960 842
Leased assets	928 006	133 613	-	-	(900 788)	(141 135)	-	19 696
Infrastructure	812 115 115	-	-	137 522 935	-	(74 723 384)	(5 129 089)	869 785 577
Capital work in progress	129 593 235	137 374 203	-	-	(137 522 935)	-	-	129 444 503
Tools and loose gear	64 860	275 728	(19 611)	-	-	(16 715)	-	304 262
	962 346 660	**138 520 928**	**(830 971)**	**138 423 723**	**(138 423 723)**	**(78 160 490)**	**(5 129 089)**	**1 016 747 038**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Transfers in	Transfer out	Depreciation	Impairment loss	Total
Land	701 000	-	-	-	-	-	701 000
Buildings	8 260 682	-	-	-	(630 557)	-	7 630 125
Furniture and fixtures	4 997 455	161 946	-	-	(1 134 626)	(107 813)	3 916 962
Motor vehicles	6 087 915	-	-	-	(305 413)	(374 053)	5 408 449
Office equipment	1 216 537	35 227	-	-	(315 424)	-	936 340
Computer equipment	896 606	546 665	-	-	(347 932)	(42 771)	1 052 568
Leased assets	3 171 552	-	-	-	(2 243 546)	-	928 006
Infrastructure	846 435 681	-	45 881 120	-	(80 201 686)	-	812 115 115
Capital work in progress	108 887 317	66 587 038	-	(45 881 120)	-	-	129 593 235
Tools and loose gear	89 383	-	-	-	(23 810)	(713)	64 860
	980 744 128	**67 330 876**	**45 881 120**	**(45 881 120)**	**(85 202 994)**	**(525 350)**	**962 346 660**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

8. Property, plant and equipment (continued)

Pledged as security

No assets are pledged as security.

Reconciliation of Work-in-Progress 2015

	Included within Infrastructure	Total
Opening balance	129 593 236	129 593 236
Additions/capital expenditure	137 374 203	137 374 203
Transferred to completed items	(137 522 935)	(137 522 935)
	129 444 504	**129 444 504**

Reconciliation of Work-in-Progress 2014

	Included within Infrastructure	Total
Opening balance	108 887 317	108 887 317
Additions/capital expenditure	66 587 038	66 587 038
Transferred to completed items	(45 881 120)	(45 881 120)
	129 593 235	**129 593 235**

Included in PPE is office equipment subject to a finance lease. The municipality's obligations under the finance lease are secured by the lessor's charge over the leased asset - refer to note 10

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

9. Payables from exchange transactions

Trade payables	23 099 374	64 958 544
Payments received in advanced	2 553 873	3 455 097
Retentions	24 555 281	20 858 492
Accrued leave pay	7 621 662	5 133 566
13th cheque	1 106 671	913 017
Accrued expenses	13 575 325	16 084 282
Social responsibility - projects	149 469	-
	72 661 655	**111 402 998**

10. Finance lease obligation

Minimum lease payments due		
- within one year	44 316	30 927
	44 316	30 927
less: future finance charges	(343)	(577)
Present value of minimum lease payments	**43 973**	**30 350**
Present value of minimum lease payments due		
- within one year	43 973	30 350

It is municipality policy to lease certain equipment under finance leases.

The average lease term was 12 months and the average effective borrowing rate was 9% (2014: 9%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent of equipment.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 8.

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Department of water affairs	-	-
Fire and emergency grant	-	6 990
Library grant	92 644	95 350
Municipal infrastructure grant	-	-
Municipal system improvement grant	-	210
North West sport - Maubane cultural village	500 000	500 000
Provincial infrastructure grant	9 413 861	-
	10 006 505	**602 550**

Movement during the year

Balance at the beginning of the year	602 550	19 281 555
Roll over not approved	-	(17 278 318)
Additions during the year	208 839 146	119 678 000
Income recognised during the year	(199 435 190)	(121 078 687)
	10 006 506	**602 550**

See below for explanation of unspent portion of grants received relating to the Provincial infrastructural Government grants:

Figures in Rand	2015	2014

11. Unspent conditional grants and receipts (continued)

Provincial infrastructure grant was received in November 2014 to the value of R10 000 000 for the construction of Mogogelo and Moeka halls after municipalities request for funding was approved. The results of designs drawn up by Department of Local Government and Human Settlement for the construction of the two halls, provided proof that the allocated budget was insufficient for both infrastructure. An agreement was reached with the grantor to return the funds so that the Department be the implementing agent as it was no longer possible to adjust the business plan.

These amounts are invested and ring-fenced until utilisation.

12. Long service award liability

As per government gazette an employee shall qualify for long service reward in terms of leave days credits for the various periods of continuous service completed at the same employer as follows :

- >After 10 years of service - 10 working days
- >After 15 years of service - 20 working days
- >After 20 years of service - 30 working days
- >After 25 years of service - 30 working days
- >After 30 years of service - 30 working days
- >After 35 years of service - 30 working days
- >After 40 years of service - 30 working days
- >After 45 years of service - 30 working days

The leave mentioned may be wholly or partially converted on the date on which the employee qualifies or at any stage thereafter.

Long service benefits are awarded in the form of a number of leave days awarded once the employee completes a certain number of years in service.

Valuation of Assets

The long service leave award liability of the municipality is unfunded. No dedicated assets have been set aside to meet this liability

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

12. Long service award liability (continued)

Changes in the present value		
Opening balance	2 333 000	1 759 000
Current service cost	301 000	265 000
Interest cost	197 000	139 000
Benefits paid	(269 775)	(214 026)
Actuarial loss	115 775	384 026
	2 677 000	**2 333 000**

Net expense recognised in the statement of financial performance		
Current service cost	301 000	265 000
Interest cost	197 000	139 000
Actuarial loss	115 775	384 026
	613 775	**788 026**

Key assumptions		
Discount rate-assumed**	Yield curve	7,96%
Consumer price inflation	Difference between nominal and real yeild curve	6,33%
Salary increase rate	Equal to CPI+ %	7,33%
Net effective discount rate	Yield curve based	1%
		20,41%

The effect of a 1% p.a change in the normal salary inflation assumption as follows :		
Total accrued liability	2 902 000	2 476 000
Current service cost	358 000	300 000
Interest cost	277 000	235 000
	3 537 000	**3 011 000**

The amounts for the current annual reporting period and previous reporting period		
Present value of obligation	2 677 000	2 333 000

The following were the long service valuations for the previous reporting periods (2013: R1 759 000), (2012: R1 275 000).

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future retirees.

Discount rate-assumed**

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:
“The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.”

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

13. Revenue

Service charges	39 303 989	24 961 627
Rental of facilities	83 562	70 815
Other income	1 458 869	1 668 967
Interest received	13 230 043	6 630 647
Property rates	40 411 895	19 247 483
Government grants and subsidies	410 277 850	298 345 687
	504 766 208	**350 925 226**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	39 303 989	24 961 627
Rental of facilities	83 562	70 815
Other income	1 458 869	1 668 967
Interest received	13 230 043	6 630 647
	54 076 463	**33 332 056**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	40 411 895	19 247 483
Transfer revenue		
Government grants and subsidies	410 277 850	298 345 687
	450 689 745	**317 593 170**

14. Service charges

Sale of water	23 526 857	15 773 948
Refuse removal	15 777 132	9 187 679
	39 303 989	**24 961 627**

15. Property rates

Residential	523 546	237 504
Commercial	2 765 490	1 604 079
State land	1 862 341	17 388 338
Farms	972 645	2 755
Municipal	-	14 807
Government	34 047 482	-
Public service infrastructure	240 391	-
	40 411 895	**19 247 483**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

16. Government grants and subsidies

Department of water affairs	10 000 000	3 608 000
District Bojanala grant	4 364 652	-
Equitable share	209 553 000	177 267 000
Expanded public works program grant	2 546 000	1 175 000
Finance management grant	1 600 000	1 550 000
Fire and emergency grant in aid	6 990	185 152
Library grant	352 706	398 586
Magalies: water demand management grant	911 864	-
Municipal infrastructure grant	144 541 000	98 713 000
Municipal systems improvement grant	934 210	889 790
Other grants	-	559 159
Provincial infrastructure grant	35 467 428	14 000 000
	410 277 850	**298 345 687**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	200 347 055	121 078 687
Unconditional grants received	209 553 000	177 267 000
	409 900 055	**298 345 687**

Municipal infrastructure grant

Balance unspent at beginning of year	-	13 492 102
Current - year receipts	144 541 000	98 713 000
Conditions met - transferred to revenue	(144 541 000)	(98 713 000)
Roll-over not approved	-	(13 492 102)
	-	**-**

Conditions were met during the year.

The intent of the municipal infrastructure grant is to focus on infrastructure required for a basic level of service. It supplements the Equitable Share and allows for more accountability

Provincial infrastructure grant

Current - year receipts	44 881 289	14 000 000
Conditions met - transferred to revenue	(35 467 428)	(14 000 000)
	9 413 861	**-**

Conditions still to be met - remain liabilities (see note 11).

The intent of the provincial infrastructure grant is to focus on infrastructure required for a basic level of services. It supplements the equitable share and allows for more accountability.

Provincial infrastructure grant was received in November 2014 to the value of R10 000 000 for the construction of Mogogelo and Moeka halls after municipalities request for funding was approved. The results of designs drawn up by Department of Local Government and Human Settlement for the construction of the two halls, provided proof that the allocated budget was insufficient for both infrastructure. An agreement was reached with the grantor to return the funds so that the Department be the implementing agent as it was no longer possible to adjust the business plan.

Figures in Rand	2015	2014

16. Government grants and subsidies (continued)

Department of water affairs

Balance unspent at beginning of year	-	3 033 279
Current - year receipts	10 000 000	3 000 000
Conditions met - transferred to revenue	(10 000 000)	(3 608 000)
Roll-over not approved	-	(2 425 279)
	-	**-**

Conditions were met during the year.

The intent of DWA grant is to assist the municipality to maintain and supply bulk water infrastructure, improve the water and quality of the water resources at the municipality.

Library grant

Balance unspent at beginning of year	95 350	143 937
Current - year receipts	350 000	350 000
Conditions met - transferred to revenue	(352 706)	(398 587)
	92 644	**95 350**

Conditions still to be met - remain liabilities (see note 11).

The intent of the library grant is to develop the infrastructure and stock of books for local libraries. This remains a provincial function coordinated through the local municipalities.

Other grants

Balance unspent at beginning of year	-	559 158
Conditions met - transferred to revenue	-	(559 158)
	-	**-**

North West sport - Maubane cultural village

Balance unspent at beginning of year	500 000	500 000

Conditions still to be met - remain liabilities (see note 11).

In terms of the MFMA, the province may allocate funds to its local municipalities to promote social development in the community.

Fire and emergency grant

Balance unspent at beginning of year	6 990	192 142
Conditions met - transferred to revenue	(6 990)	(185 152)
	-	**6 990**

Conditions were met during the year.

The intent of the fire and emergency grant is to assist municipalities to upgrade their fire and emergency services and capacity (as per Provincial Gazette).

Municipal systems improvement grant

Balance unspent at beginning of year	210	890 000
Current - year receipts	934 000	-

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

16. Government grants and subsidies (continued)

Conditions met - transferred to revenue	(934 210)	(889 790)
	-	**210**

Conditions were met during the year.

Municipal system improvement grant's intent is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, 2000 (MSA) and related legislation and policies.

Financial management grant

Balance unspent at beginning of year	-	1
Current - year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 600 000)	(1 550 000)
Roll-over not approved	-	(1)
	-	**-**

Conditions were met during the year.

Financial management grant's intent is to build the capacity in finance management in municipalities and to assist in the roll out of the Municipal Finance Improvement plan. Part of the grant is used to remunerate interns appointed through this Budget Reform programme.

Expanded public works program grant

Balance unspent at beginning of year	-	1 360 936
Current - year receipts	2 546 000	1 175 000
Conditions met - transferred to revenue	(2 546 000)	(1 175 000)
Roll-over not approved	-	(1 360 936)
	-	**-**

Conditions were met during the year.

The expanded public works programme grant is the Provincial Government's incentive to local municipalities for using labour intensive construction methods to provide employment opportunities to local unemployed people.

District Bojanala grant

Current - year receipts	4 364 651	-
Conditions met - transferred to revenue	(4 364 651)	-
	-	**-**

Conditions were met during the year.

The purpose of the District Bojanala grant is for settling City of Tshwane debt and water storage.

17. Investment revenue

Interest revenue		
Bank	237 405	265 174
Interest on investments	3 946 602	1 818 139
Interest on outstanding receivables	9 046 036	4 547 334
	13 230 043	**6 630 647**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

18. Rental of facilities

Premises		
Hall rental	14 789	7 427
Office rental	68 773	63 388
	83 562	**70 815**

19. Other income

Charges : yard connections	14 392	8 612
Consumer services: clearence certificate	1 935	768
Donations received - Bojanala district municipality	50 000	-
SCM supplier database	62 305	-
SETA fund income	125 318	182 409
Tender documents	695 014	512 423
Water deliveries	509 905	964 755
	1 458 869	**1 668 967**

20. Remuneration of councillors

Mayor	742 961	702 294
Speaker	599 263	566 729
Single whip	563 341	532 838
EXCO committee members	5 719 530	4 440 317
Councillors	9 845 089	10 392 948
	17 470 184	**16 635 126**

In-kind benefits

The Mayor, Speaker and EXCO Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor further enjoys the benefit of a personal driver and protection personnel.

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution and SALGA.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

20. Remuneration of councillors (continued)

2015

Mayor	Basic salary	Travel allowance	Cellphone allowance	Pension and Medical Aid	Total
Lehari JS	444 850	179 622	24 468	94 021	742 961

Speaker	Basic salary	Travel allowance	Cellphone allowance	Pension and Medical Aid	Total
Magongwa JL	374 075	143 698	24 468	57 021	599 262

Single whip	Basic salary	Travel allowance	Cellphone allowance	Pension and Medical Aid	Total
Motsepe KL	351 438	134 719	24 468	52 716	563 341

EXCO committee	Basic salary	Travel allowance	Cellphone allowance	Pension and Medical Aid	Total
Kau MJ	351 438	134 719	24 468	52 716	563 341
Letebele LM	192 738	74 094	24 468	29 545	320 845
Makhudu MP	350 954	134 719	24 468	53 200	563 341
Makwela JM	351 438	134 719	24 468	52 716	563 341
Mangema BM	351 438	134 719	24 468	52 716	563 341
Mboweni EG	350 474	134 719	24 468	53 681	563 342
Mleta NK	351 438	134 719	24 468	52 716	563 341
Molefe KJ	351 438	134 719	24 468	52 716	563 341
Monaheng MA	351 438	134 719	24 468	52 716	563 341
Sekhaolela TL	351 438	134 719	24 468	52 716	563 341
Setlhare ME (Deceased 01/01/2015)	205 006	78 585	14 273	30 751	328 615
	3 559 238	**1 365 150**	**258 953**	**536 189**	**5 719 530**

Councillors	Basic salary	Travel allowance	Cellphone allowance	Pension and Medical Aid	Total
Baloyi BW	140 575	53 887	24 468	21 086	240 016
Bhiya MM	140 575	53 887	24 468	21 086	240 016
Chauke SR	140 575	53 887	24 468	21 086	240 016
Golele KJ	140 575	53 887	24 468	21 086	240 016
Hlongwane JR	140 575	53 887	24 468	21 086	240 016
Kekana RAM	140 575	53 887	24 468	21 086	240 016
Kgoele MN	140 575	53 887	24 468	21 086	240 016
Khoza MB	105 431	40 412	18 351	15 814	180 008
Lehele MM	140 575	53 887	24 468	21 086	240 016
Letlhabi PS	140 574	53 887	24 468	21 086	240 015
Mabasa RD (01/05/2015)	128 860	49 393	22 429	19 329	220 011
Mabatle PS	140 574	53 887	24 468	21 086	240 015
Mabena PM	140 575	53 887	24 468	21 086	240 016
Mabika DM	140 575	53 887	24 468	21 086	240 016
Madise MJ	82 001	31 434	14 273	12 300	140 008
Maimane ML	140 575	53 887	24 468	21 086	240 016
Makhubela J	140 575	53 887	24 468	21 086	240 016
Maluleka MB	139 414	53 887	24 468	22 246	240 015
Makgamatho DM	140 575	53 887	24 468	21 086	240 016
Mashabane O	35 143	13 473	6 117	5 271	60 004
Mathatho S	140 574	53 887	24 468	21 086	240 015

Notes to the Annual Financial Statements

Figures in Rand				2015	2014

20. Remuneration of councillors (continued)

Makhathulela GM	140 575	53 887	24 468	21 086	240 016
Matheba RH	140 574	53 887	24 468	21 086	240 015
Matlou SM	35 143	13 473	6 117	5 271	60 004
Mbekwa DBS	140 575	53 887	24 468	21 086	240 016
Moetji MM	140 574	53 887	24 468	21 086	240 015
Mogale MA	140 575	53 887	24 468	21 086	240 016
Mokadi LK	140 575	53 887	24 468	21 086	240 016
Molobi ME	140 575	53 887	24 468	21 086	240 016
Moloisane P	140 575	53 887	24 468	21 086	240 016
Moraka KO	140 575	53 887	24 468	21 086	240 016
Mosipa ME	140 575	53 887	24 468	21 086	240 016
Motselele ME	140 575	53 887	24 468	21 086	240 016
Mokondo KR	140 575	53 887	24 468	21 086	240 016
Mosupye RJ	140 575	53 887	24 468	21 086	240 016
Ngobeni TT	140 575	53 887	24 468	21 086	240 016
Ramadi MA	140 575	53 887	24 468	21 086	240 016
Rambawa MM	140 090	53 887	24 468	21 570	240 015
Rampou MT	140 575	53 887	24 468	21 086	240 016
Rapholo RH	37 743	14 468	6 569	5 675	64 455
Sankoane DD	140 575	53 887	24 468	21 086	240 016
Seemela DN	140 575	53 887	24 468	21 086	240 016
Semenya SM	140 575	53 887	24 468	21 086	240 016
Songola ME	140 575	53 888	24 468	21 086	240 017
	5 764 520	**2 210 360**	**1 003 640**	**866 572**	**9 845 092**

2014	**Basic salary**	**Travel allowance**	**Cellphone allowance**	**Pension and Medical aid**	**Total**
Mayor					
Lehari JS	432 461	169 457	24 468	75 908	702 294

Speaker	**Basic salary**	**Travel allowance**	**Cellphone allowance**	**Pension and Medical aid**	**Total**
Magongwa JL	347 103	135 565	24 468	59 593	566 729

Single whip	**Basic salary**	**Travel allowance**	**Cellphone allowance**	**Pension and medical aid**	**Total**
Motsepe KL	331 546	127 093	24 468	49 731	532 838

EXCO members	**Basic salary**	**Travel allowance**	**Cellphone allowance**	**Pension and medical aid**	**Total**
Kau MJ	331 546	127 093	24 468	49 732	532 839
Makhudu MP	327 401	127 093	24 468	53 876	532 838
Makwela JM	331 546	127 093	24 468	49 727	532 834
Manamela ND	110 515	42 364	8 156	16 577	177 612
Mangema BM	331 546	127 093	24 468	49 732	532 839
Mboweni EG	325 964	127 093	24 468	55 313	532 838
Monaheng MA	331 546	127 093	24 468	49 732	532 839
Sekhaolela TL	331 546	127 093	24 468	49 732	532 839
Setlhare ME	331 546	127 093	24 468	49 732	532 839
	2 753 156	**1 059 108**	**203 900**	**424 153**	**4 440 317**

Councillors	**Basic salary**	**Travel allowance**	**Cellphone allowance**	**Pension and medical aid**	**Total**
Baloyi BW	132 618	50 837	24 468	19 893	227 816
Bhiya MM	132 618	50 837	24 468	19 893	227 816
Chauke SR	77 361	29 655	14 273	11 604	132 893
Golele KJ	132 618	50 837	24 468	19 893	227 816

Notes to the Annual Financial Statements

Figures in Rand				2015	2014
20. Remuneration of councillors (continued)					
Hlongwane JR	132 618	50 837	24 468	19 893	227 816
Kakane RAM	132 618	50 837	24 468	19 893	227 816
Kgoele MN	132 618	50 837	24 468	19 893	227 816
Khoza MB	132 618	50 837	24 468	19 893	227 816
Lehele MM	132 618	50 837	24 468	19 893	227 816
Letebele LM	130 736	50 837	24 468	21 775	227 816
Letlhabi PS	132 618	50 837	24 468	19 893	227 816
Masaba RD	132 618	50 837	24 468	19 893	227 816
Mabatle PS	132 618	50 837	24 468	19 893	227 816
Mabena PM	88 412	33 891	16 312	13 262	151 877
Mabika DM	132 618	50 837	24 468	19 893	227 816
Madise MJ	132 618	50 837	24 468	19 893	227 816
Maimane ML	132 618	50 837	24 468	19 893	227 816
Makgamatho DM	132 618	50 837	24 468	19 893	227 816
Makhathulela GM	132 618	50 837	24 468	19 893	227 816
Makhubela J	132 618	50 837	24 468	19 893	227 816
Mleta NK	248 659	95 319	24 468	37 299	405 745
Maluleka MB	128 663	50 837	24 468	23 848	227 816
Mathatho S	132 618	50 837	24 468	19 893	227 816
Matheba RH	215 505	82 610	24 468	32 326	354 909
Mbekwa DBS	132 618	50 837	24 468	19 893	227 816
Moetjie MM	132 618	50 837	24 468	19 893	227 816
Mogale MA	132 618	50 837	24 468	19 893	227 816
Mokadi LK	132 618	50 837	24 468	19 893	227 816
Mokondo KR	132 618	50 837	24 468	19 893	227 816
Molefe MJ	248 659	95 319	24 468	37 299	405 745
Molobi ME	132 618	50 837	24 468	19 893	227 816
Moloisane P	132 618	50 837	24 468	19 893	227 816
Moraka KO	132 618	50 837	24 468	19 893	227 816
Moseki PK	33 155	12 709	6 117	4 974	56 955
Mosipa ME	132 618	50 837	24 468	19 893	227 816
Mosupye RJ	132 618	50 837	24 468	19 893	227 816
Motselele ME	132 618	50 837	24 468	19 893	227 816
Ngobeni TT	132 618	50 837	24 468	19 893	227 816
Ramadi MA	132 618	50 837	24 468	19 893	227 816
Rambawa MM	129 821	50 837	24 468	22 690	227 816
Rampou MT	132 618	50 837	24 468	19 893	227 816
Sankoane DD	132 618	50 837	24 468	19 893	227 816
Seemela DN	132 618	50 837	24 468	19 893	227 816
Semenya SM	132 618	50 837	24 468	19 893	227 816
Songola ME	132 618	50 837	24 468	19 893	227 816
	6 075 219	**2 332 146**	**1 064 358**	**921 225**	**10 392 948**

The remuneration of Public office bearers is within the upper limits of the Government gazette dated 25 March 2015.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

21. Employee related costs

Basic	42 586 572	34 185 203
Bonus	2 397 073	3 319 754
Funeral assistance	108 601	-
Housing benefits and allowances	185 729	132 717
Leave pay provision	2 488 096	1 332 606
Long-service - Benefits paid	(269 775)	(214 026)
Medical aid - company contributions	3 375 705	2 952 504
Overtime payments	1 563 164	1 503 569
Post - employment benefits: Pension - Defined contribution plan	6 368 592	5 555 111
SDL	715 231	563 564
Travel, motor car, accommodation, subsistence and other allowances	7 609 469	6 158 349
UIF	337 589	300 222
	67 466 046	**55 789 573**

The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

22.2 Remuneration of Mabokela FT - Acting Muncipal Manager (01/07/2013 - 30/09/2014)

Acting allowance	-	33 516

Remuneration of Nkhumise TSR - Municipal Manager (01/07/2014 - 30/06/2015)

Basic salary	781 850	386 196
Travel allowance	242 505	138 215
Cellphone allowance	19 500	10 500
Travel claims	69 381	-
Subsistence	2 640	-
	1 115 876	534 911
	1 115 876	**568 427**

Remuneration of Rampedi MN - CFO (01/07/2014 - 30/06/2015)

Basic salary	742 178	631 639
Travel allowance	217 691	211 166
Travel claims	31 287	-
Subsistence	2 170	-
	993 326	**842 805**

Remuneration of Mabokela FT - Deputy CFO (01/07/2014 - 30/06/2015)

Basic salary	645 129	549 012
Travel allowance	189 296	183 622
Travel claims	14 770	-
Subsistence	1 300	-
	850 495	**732 634**

Remuneration of Makwela MPS - Director Technical Services (01/07/2014 - 30/06/2015)

Basic salary	625 744	538 464
Travel allowance	195 266	180 204
Cellphone allowance	18 312	17 112
Pension	127 181	78 974
	966 503	**814 754**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

21. Employee related costs (continued)

Remuneration of Matshabe TJ - Director Corporate and Human Resources (01/07/2014 - 30/06/2015)

Basic salary	597 256	437 239
Travel allowance	195 074	187 200
Cellphone allowance	12 000	12 000
Subsistence	5 400	470
Travel claims	64 601	11 839
Pension	103 254	64 128
	977 585	**712 876**

Remuneration of Maroga IS - Director Social Services (01/07/2014 - 30/06/2015)

Basic salary	633 590	538 141
Travel allowance	186 000	180 000
Cellphone allowance	12 000	12 000
Travel claims	9 936	11 907
Subsistence	2 260	370
	843 786	**742 418**

Remuneration of Ramorula GR - Director Local Economic Development (01/07/2014 - 30/06/2015)

Basic salary	633 590	538 141
Travel allowance	186 000	180 000
Cellphone allowance	12 000	12 000
Travel claims	96 055	-
Subsistence	4 780	-
	932 425	**730 141**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

22. Debt impairment

Contributions to allowance for impairment	47 163 649	62 706 326

23. Depreciation and amortisation

Property, plant and equipment	78 160 490	85 202 994

24. Impairment of assets

Impairments		
Property, plant and equipment	5 129 089	525 350

25. Finance costs

Finance leases	9 928	6 972
Bank	94 767	2 222
	104 695	**9 194**

26. Repairs and maintenance

Repairs and maintenance	14 626 499	8 135 162

27. Bulk purchases

Water	24 087 131	29 502 514

Distribution losses relating to water purchases were R 331 130 (2014: R 5 877 667) during the year, after taking into account water distribution of 6 kL free basic component.

28. Contracted services

Professional consulting fees	12 315 159	13 387 072
Security services	9 112 054	6 030 186
Waste collection services	12 756 487	8 383 698
	34 183 700	**27 800 956**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

29. General expenses

Accommodation	446 808	543 414
Advertising	269 001	284 809
Assets written off	830 970	-
Audit committee costs	465 907	76 919
Auditors remuneration	2 867 573	1 828 404
Bank charges	128 262	114 804
Catering	153 076	288 075
Community development and training	865 237	948 205
Compensation assessment fees	385 104	644 466
Computer expenses	235 270	188 725
Conferences and seminars	105 098	70 733
Consumables	21 094	46 040
Debt collection	605 446	4 307 238
Electricity	1 546 826	1 802 392
Free basic services - electricity	5 781 106	5 626 122
Free basic services - water	4 564 621	3 773 111
Fuel and oil	2 890 552	3 380 752
Basic sanitation	25 561 883	24 523 968
Health and safety	288 822	67 492
Insurance	866 483	857 089
Interest cost - long service provision	197 000	139 000
Intergrated development planning	216 777	341 132
LED expenditure	1 480 661	1 059 470
Legal fees	2 441 211	4 394 775
Levies	3 989	3 268
Licence fees	1 115 008	161 863
Loss due to under banking	-	34 846
Marketing	526 198	169 831
Mayoral's special projects	1 479 217	884 989
Penalties for late SARS remittance	2 324	86 777
Postage and courier	89 366	50 379
Printing and stationery	611 181	1 778 356
Project maintenance costs	348 672	222 101
Service cost - long service	301 000	265 000
Subscriptions and membership fees	847 815	604 582
Subsistence	214 850	131 281
Telephone and fax	2 011 574	1 621 929
Training	1 618 649	688 912
Travel - local	1 794 198	936 337
Valuation roll expenses	718 923	5 741 566
Ward committee stipends	3 864 660	3 198 379
Water tankering	10 966 671	5 059 753
	79 729 083	**76 947 284**

30. Auditors' remuneration

Fees	2 867 573	1 828 404

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

31. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	14 797 495	14 797 495
Receivables from non-exchange transactions	13 797 938	13 797 938
Cash and cash equivalents	46 438 815	46 438 815
	75 034 248	**75 034 248**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	75 356 291	75 356 291
Finance lease obligation	43 973	43 973
	75 400 264	**75 400 264**

2014

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	9 615 901	9 615 901
Receivables from non-exchange transactions	1 843 565	1 843 565
Cash and cash equivalents	20 485 700	20 485 700
	31 945 166	**31 945 166**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	110 866 202	110 866 202
Finance lease obligation	30 350	30 350
	110 896 552	**110 896 552**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

32. Cash generated from operations

Surplus (deficit)	136 545 838	(12 713 280)
Adjustments for:		
Depreciation and amortisation	78 160 490	85 202 994
Impairment loss	5 129 089	525 350
Debt impairment	47 163 649	62 706 326
Leave provision	2 488 096	1 332 606
Movement in long service award liability	344 000	574 000
Asset written off	830 970	-
Changes in working capital:		
Inventories	(499 613)	128 627
Receivables from exchange transactions	(47 844 173)	(27 252 069)
Receivables from non-exchange transactions	(16 911 353)	48 389 371
Payables from exchange transactions	(41 229 438)	(23 681 940)
VAT	(9 121 088)	3 286 474
Unspent conditional grants and receipts	9 403 954	(18 679 005)
	164 460 421	**119 819 454**

33. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	174 637 146	191 482 476
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	211 577 000	244 610 080
Operating expenditure approved and contracted		
• Operating expenditure	5 167 166	22 240 806

Figures in Rand	2015	2014

34. Contingencies

Chachaoka Management Project CC

Civil litigation is in the process against the municipality relating to a dispute with a Chachaoka Management Project CC who alleges that the municipality has acted irrationally and arbitrarily in awarding the tender to Best Enough Trading Projects CC and is seeking damages of R450 000.

Sepolwane & others

Civil litigation is in the process against the municipality relating to a dispute with a Sepolwane & others who alleges that the municipality has influenced Frederick Modiboa to lay criminal charges of assault against Sepolwane & others. Sepolwane & others are seeking damages of R300 000.

Ishmael Bareng Mathibe

Labour court matter is in the process against the municipality relating to a dispute with a Ishmael Bareng Mathibe who alleges that the municipality has unfairly dismissed him and is seeking reinstatement and damages of R350 000.

TIRMAC

Civil litigation is in the process against the municipality relating to a dispute with TIRMAC who alleges that the municipality has breached contract and is seeking damages of R400 000.

Thubakgale PP

Labour matter is in the process against the municipality relating to a dispute with Thubakgale PP who alleges that the municipality has unfairly dismissed him and is seeking damages of R400 000.

Fumani Holding

Civil litigation is in the process against the municipality relating to a dispute with a Fumani Holding who alleges that the municipality has unlawfully awarded a tender and is seeking damages of R450 000.

.

Kedibone Chauke

Labour court matter is in the process against the municipality relating to a dispute with a Kedibone Chauke who alleges that the municipality has unfairly dismissed him and is seeking reinstatement and damages of R300 000.

Cast Industries (Pty) Ltd

Civil litigation is in the process against the municipality relating to a dispute with a Cast Industries who alleges that the municipality has unlawfully awarded a tender and is seeking damages of R250 000.

Clan Macfarlane Enterprise

Civil litigation is in the process against a Clan Macfarlane Enterprise relating to a dispute with the municipality. The municipality alleges that Clan Macfarlane Enterprise breached contract and is seeking damages of R50 000.

Sizwe auctions

Civil litigation is in the process against Sizwe Auctions relating to auction sales proceeds not paid over to the municipality. The municipality is seeking damages of R450 000. Summons have been issued against Sizwe Auctions and a warrant of Execution against Sizwe Auction was granted but the accused have changed their business address. The matter is currently pending at High Court.

Allys Counter Force

Figures in Rand	2015	2014

34. Contingencies (continued)

Civil litigation is in the process against Allys Counter Force relating to a civil claim made against them by the municipality. The municipality alleges the Allys Counter Force breached the contract between the two parties and is seeking damages of R250 000. The matter is pending at the Pretoria high court.

Mokgohloa Geoff Serole

Civil litigation is in the process against a Mokgohloa Geoff Serole relating to a dispute with the municipality. The municipality alleges that Mokgohloa Geoff Serole used municipality funds for her own personal gain is seeking damages of R100 000

Bathini Security Services

Litigation is in the process against the municipality relating to a dispute with Bathini Security Services who alleges that the municipality breached the contract between the two parties and is seeking damages of R50 000.

Solar Farm

The municipality has instructed Mosire Tsiane Attorneys to assist in attending to letter of demand and summons issued against the municipality by a representative of the Chinese government. The project was referred to as the Solar project aimed at skills transfer from China to residents of Moretele community. Potential financial exposure is estimated at R500 000

Traditional authorities (transfer of land)

The municipality has instructed Mosire Tsiane Attorneys to assist in transferring land available for the purpose of building municipal offices. The municipality is situated within the jurisdiction of four Traditional authorities and no signed Memorandum of understanding was in place for the transfer of land. The matter is currently pending. Financial exposure is estimated at R500 000

Carousel View

Litigation is in the process relating to the eviction of 40 RDP residents in Carousel View by the municipality. The municipality alleges that the accused have unlawfully occupied the 40 RDP houses. An interim order has been granted in favour of the Municipality. A date has to be set aside by the court for the trial. Potential financial exposure is estimated at R250 000

Landfill site - rehabilitation

A possible obligation exists for the rehabilitation of the landfill site at Bosplass. The estimated financial exposure for the rehabilitation is R22 479 292

Figures in Rand	2015	2014

35. Related parties

Relationships	
Accounting Officer	Refer to note 21
Mayor	Refer to note 21
Speaker	Refer to note 21
Single whip	Refer to note 20
Councillors	Refer to note 20
Section 57 management	Refer to note 22

Related party transactions

Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to councillors, management, staff members or the public.

Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Note 21 & 22, to the Annual Financial Statements.

Purchases from Related Parties

The municipality did not buy any goods from any companies which can be considered to be Related Parties.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

36. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a description of each individual prior period error followed by a summary of the total effect of the prior period errors on the amounts previously disclosed.

Figures in Rand	2015	2014

36. Prior period errors (continued)

Error 1- Accrued leave pay

There was an overprovision of leave accrual relating 8 employees in the 2013/14 financial year. A recalculation was performed on the closing leave balances for all employees and the result was a reduction in the leave provision relating to the 2013/14 financial year.

Adjustments affecting statement of financial position	**2015**	**2014**
Trade and other payables - accrued leave pay	-	46 469

Adjustments affecting statement of financial performance	**2015**	**2014**
Employee cost - leave provision	-	(46 469)

Error 2 - Tshwane bus truck - order cancelled

An order for repairs and maintenance for the one of the municipality's trucks was cancelled and reversed in the system. The expense had been recognised in the 2013/14 financial year.

Adjustments affecting statement of financial position	**2015**	**2014**
Trade and other payables	-	14 669
VAT receivable	-	(1 801)
	-	**12 868**

Adjustments affecting statement of financial performance	**2015**	**2014**
Repairs and maintenance	-	(12 868)

Error 3 - VAT receivable

The total insurance expense for 2013/14 financial year was overstated. Invoices from Pleroma insurance were recorded in the statement of financial performance including input vat amounting to R89 423.11. This has been has been subsequently adjusted in the 2013/14 financial year.

Adjustments affecting statement of financial position	**2015**	**2014**
VAT receivable	-	89 423

Adjustments affecting statement of financial performance	**2015**	**2014**
Insurance	-	(89 423)

Error 4 - VAT receivable

The general expenses for 2013/14 financial year were overstated. Invoices were recorded in the statement of financial performance inclusive of input vat. Below is a summary of the related input vat corrected in the 2013/14 financial year.

Adjustments affecting statement of financial position	**2015**	**2014**
VAT receivable	-	4 630

Adjustments affecting statement of financial performance	**2015**	**2014**
Accommodation	-	3 617
Advertising	-	(7 092)
Consulting and professional fees	-	96 766
Intergrated development planning	-	1 070
LED expenditure	-	2 085
Legal fees	-	12 379
Repairs and maintenance	-	(21 356)
Grant expenditure	-	(12 741)
Electricity	-	98

Figures in Rand	2015	2014

36. Prior period errors (continued)

Water tankering	-	(75 845)
Conferences and seminars	-	(3 611)
	-	**(4 630)**

Error 5 - VAT receivable

The input vat for 2012/13 and 2011/12 financial years was overstated. Allocation of invoices was incorrectly recorded resulting in a input vat overclaim. Below is a summary of the related input vat correction relating to the 2012/13 and 2011/12 financial years.

Adjustments affecting statement of financial position	**2015**	**2014**
Accumulated surplus	-	215 114
VAT	-	(215 114)
	-	**-**

Statement of Financial Performance for the year ended June 2014	**Balance previously reported**	**Prior period**	**Reclassification**	**Restated balance**
Revenue				
Service charges	24 961 627	-	-	24 961 627
Property rates	19 247 483	-	-	19 247 483
Government grants	298 345 686	-	-	298 345 686
Rental of facilities and equipment	70 815	-	-	70 815
Interest received	6 630 647	-	-	6 630 647
Other income	1 668 967	-	-	1 668 967
Total revenue	**350 925 225**	**-**	**-**	**350 925 225**
Expenditure				
Employee cost	(56 624 069)	46 469	788 027	(55 789 573)
Remuneration of councillors	(16 635 126)	-	-	(16 635 126)
Depreciation and amortisation	(85 206 262)	3 268	-	(85 202 994)
Impairment loss	(525 350)	-	-	(525 350)
Finance costs	(10 076)	882	-	(9 194)
Debt impairment	(14 656 315)	(48 050 011)	-	(62 706 326)
Repairs and maintenance	(8 169 386)	12 868	21 356	(8 135 162)
Bulk purchases	(29 502 514)	-	-	(29 502 514)
Contracted services	(14 413 883)	-	(13 387 072)	(27 800 955)
General expenses	(90 750 851)	841 851	12 961 716	(76 947 284)
Total expenditure	**(316 493 832)**	**(47 144 673)**	**384 027**	**(363 254 478)**
Operating surplus	34 431 394	(47 144 673)	384 027	(12 329 252)
Actuarial loss	-	-	(384 027)	(384 027)
Operating surplus	**34 431 394**	**(47 144 673)**	**-**	**(12 713 279)**

Statement of Financial Position as at June 2014	**Balance as previously reported**	**Prior period**	**Reclassification**	**Restated balance**
Assets				
Current Assets				
Cash and cash equivalents	20 485 699	-	-	20 485 699
Inventories	414 437	-	-	414 437
Trade and other receivables from non exchange	492 489	-	1 351 076	1 843 565
VAT receivable	5 616 696	(1 168 625)	-	4 448 071

Notes to the Annual Financial Statements

Figures in Rand			2015	2014
36. Prior period errors (continued)				
Trade and other receivable from non exchange	59 016 988	(48 050 011)	(1 351 076)	9 615 901
	86 026 309	**(49 218 636)**	**-**	**36 807 673**
Non current assets				
Property, plant and equipment	1 046 171 372	(83 824 713)	-	962 346 659
Total assets				
Total assets	1 132 197 681	(133 043 349)	-	999 154 332
Current liabilities				
Trade and other payables from exchange transactions	(108 851 116)	(2 551 882)	-	(111 402 998)
Finance lease obligation	(28 244)	(2 106)	-	(30 350)
Unspent conditional grants and receipts	(602 550)	-	-	(602 550)
	(109 481 910)	**(2 553 988)**	**-**	**(112 035 898)**
Non current liabilities				
Finance lease obligation	(116 889)	116 889	-	-
Landfill closure liability	(33 266 874)	33 266 874	-	-
Long service award liability	(2 333 000)	-	-	(2 333 000)
	(35 716 763)	**33 383 763**	**-**	**(2 333 000)**
Total liabilities				
Total liabilities	(145 198 673)	30 829 775	-	(114 368 898)
Net assets				
Net assets	986 999 008	(102 213 574)	-	884 785 434
Accumulated surplus				
Opening balance	(952 567 614)	55 068 899	-	(897 498 715)
Operating surplus - current year	(34 431 394)	47 144 675	-	12 713 281
	(986 999 008)	**102 213 574**	**-**	**(884 785 434)**

Error 6 - Receivables from exchange - Debt impairment

The debt impairment computation relating to receivables from exchange transactions for the 2013/14 financial year was reviewed in order to align to the municipality's policy and procedures for impairment of debt.

Adjustments affecting statement of financial performance	**2015**	**2014**
Debt impairment	-	48 050 011

Adjustments affecting statement of financial position	**2015**	**2014**
Receivables from exchange	-	(48 050 011)

Error 7 - Accruals

No accrual was raised for Rexus trading for services provided in June 2014. As a result the expenses for the 2013/14 financial year were understated. This has been subsequently adjusted and effect was recorded in the 2013/14 financial year.

Adjustments affecting statement of financial performance	**2015**	**2014**
Grant expenditure	-	2 079 962

Adjustments affecting statement of financial position	**2015**	**2014**

Figures in Rand	2015	2014

36. Prior period errors (continued)

Trade and other payables from exchange - Accrued expenses	-	(2 079 962)

Error 8 - Finance lease

Adjustments affecting statement of financial performance	**2015**	**2014**
Finance costs	-	(882)
Depreciation	-	(3 268)
	-	**(4 150)**

Adjustments affecting statement of financial position	**2015**	**2014**
Property, plant and equipment	-	(114 375)
Trade and other payables from exchange transactions	-	3 741
Finance lease obligation	-	114 784
	-	**4 150**

No accrual was raised for Rexus trading for services provided in June 2014. As a result the expenses for the 2013/14 financial year were understated. This has been subsequently adjusted and effect was recorded in the 2013/14 financial year.

Asset write-off

The municipality wrote off assets in the FY2013/14 but Council resolution was passed in July 2014. The write off has been reversed in 2013/14 and applied in 2014/15.

Adjustments affecting statement of financial position	**2015**	**2014**	**Total**
Property, plant and equipment	-	1 448 970	1 448 970

Adjustments affecting statement of financial performance	**2015**	**2014**	**Total**
General expenses - Asset write off	-	(1 448 970)	(1 448 970)

PPE - Building Cost

The municipality had incorrectly added expenses relating to building maintenance as an addition to the Cost of the building. This has been reversed and expensed.

Adjustments affecting statement of financial position	**2015**	**2014**	**Total**
Property, plant and equipment - cost	-	(15 999)	(15 999)

Adjustments affecting statement of financial performance	**2015**	**2014**	**Total**
Accumulated surplus - General expenses	-	15 999	15 999

PPE - Additions

Adjustments affecting statement of financial position	**2015**	**2014**	**Column heading**	**Column heading**	**Total**
Property, plant and equipment - additions	-	(67 483)	-	-	(67 483)

Adjustments affecting statement of financial performance	**2015**	**2014**	**Column heading**	**Column heading**	**Total**
General expenses - Grant expenditure	-	67 483	-	-	67 483

PPE - Deemed Cost - Additions - Prior years

Figures in Rand	2015	2014

36. Prior period errors (continued)

PPE figures has been retrospectively restated to provide the correct accounting effect of the chance in values of initial recognition using verifiable valuation rates. As at the prior 2013/14 financial year certain capitalisation accounts current expenditure was incorrectly captured. These corrections to accounts has also been corrected in the 2013/14 figures.

Adjustments affecting statement of financial position	2015	2014	Total
Property, plant and equipment - cost	-	(180 541 175)	(180 541 175)
Property, plant and equipment - accum depn	-	95 465 349	95 465 349
	-	**(85 075 826)**	**(85 075 826)**

Adjustments affecting statement of financial performance	2015	2014	Column heading	Column heading	Total
Accumulated surplus - Depreciation	-	85 075 826	-	-	85 075 826

Landfill site rehabilitation - reversal

The previously provided provision for landfill site rehabilitation has been reversed as it has been concluded that the municipality has no present obligation to rehabilitate the landfill sites disclosed. Only a contingent liability exists.

Adjustments affecting statement of financial position	2015	2014	Total
Landfill site provision - Accumulated	-	3 028 833	3 028 833

Adjustments affecting statement of financial performance	2015	2014	Total
General expenses - landfill site provision - current year	-	(3 028 833)	(3 028 833)

Landfill site rehabilitation - reversal

The previously provided provision for landfill site rehabilitation has been reversed as it has been concluded that the municipality has no present obligation. to rehabilitate the landfill sites disclosed. Only a contingent liability exists.

Adjustments affecting statement of financial position	2015	2014	Total
Landfill site provision - Accumulated	-	30 238 040	30 238 040
Accumulated surplus - landfill site provision	-	(30 238 040)	(30 238 040)
	-	**-**	**-**

VAT Receivable

A SARS receipt that was paid in the 2013/14 financial year was incorrectly allocated to Fuel & Lubricants expense account. This has been corrected and a re-allocation has been made to the SARS - VAT receipts account in 2013/14.

Adjustments affecting statement of financial performance	2015	2014	Total
General expenses - Fuel and oil	-	1 045 762	1 045 762

Adjustments affecting statement of financial position	2015	2014	Total
VAT Receivable	-	(1 045 762)	(1 045 762)

37. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk.

Figures in Rand	2015	2014

37. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	75 356 289	-	-	-
Finance lease	43 973	-	-	-

At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	110 866 202	-	-	-
Finance lease	30 350	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of interest charges", "demand for payment" and, as a last resort, "handed over for collection" and "restriction of services", whichever procedure is applicable in terms of the Councils Credit Control and Debt Collection Policy.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the current year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area

The maximum credit and interest risk in respect of the relevant financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Receivables from exchange transactions	14 797 495	9 615 901
Receivables from non-exchange transactions	13 797 938	1 843 565
Cash and cash equivalents	46 438 815	20 485 700

37. Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

30 June 2015

Financial instrument	Current interest trate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Receivables from exchange transactions - impaired (consumers and industrial - refer note 7 for historical ageing)	9,00 %	14 228 536	-	-	-	-
Receivables from exchange transactions - not impaired (government debtors - refer note 7 for historical ageing)	9,00 %	568 959	-	-	-	-
Receivables from non-exchange transactions	- %	1 843 565	-	-	-	-
Cash in current banking institutions	5,50 %	46 438 093	-	-	-	-
	- %	**73 642 134**	**-**	**-**	**-**	**-**

30 June 2014

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Receivables from exchange transactions - impaired (consumers and industrial - refer note 7 for historical ageing)	9,00 %	9 368 025	-	-	-	-
Receivables from exchange transactions - not impaired (government debtors - refer note 7 for historical ageing)	9,00 %	247 876	-	-	-	-
Receivables from non-exchange transactions	- %	1 843 565	-	-	-	-
Cash in current banking institutions	5,50 %	20 485 700	-	-	-	-

38. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

38. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

39. Unauthorised expenditure

Opening balance	117 949 580	56 296 610
Budget overspent - current year	63 636 225	61 652 970
	181 585 805	**117 949 580**

40. Fruitless and wasteful expenditure

Opening balance	11 335 083	11 216 173
Interest on Eskom	4 082	32 134
SARS penalties	2 324	86 776
Interest on Auditor General	1 602	-
Interest on Telkom	7 202	-
	11 350 293	**11 335 083**

Interest accrued on outstanding Eskom accounts.

Penalties accrued on late remittance of SARS payments

41. Irregular expenditure

Opening balance	379 533 821	189 887 321
Add: Irregular expenditure - current year	3 265 334	188 992 676
Add: Irregular expenditure - audit adjustment	-	653 824
	382 799 155	**379 533 821**

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Payments between R30 000 to R200 000 procured in contravention of supply chain management process	None	1 885 685
Payments below R30 000 procured in contravention of supply chain management process	None	1 379 649
		3 265 334

42. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year fee	764 106	1 139 180
Amount paid - current year	(764 106)	(1 139 180)
	-	**-**

Material losses through criminal conduct

Cash lost through armed robbery	-	7 300

The loss in 2013/14 relates to cash stolen from petty cash in an armed robbery case reported to the SAPS and investigations still ongoing

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Current year fee	2 862 849	1 828 404
Amount paid - current year	(2 862 849)	(1 828 404)
	-	**-**

PAYE and UIF

Opening balance	-	787 898
Current year fee	12 744 930	9 566 026
Amount paid - current year	(12 402 585)	(10 353 924)
	342 345	**-**

Pension and medical aid deductions

Opening balance	-	997 119
Current year fee	11 353 353	9 866 310
Amount paid - current year	(11 353 353)	(10 863 429)
	-	**-**

VAT receivable

VAT receivable	13 569 159	4 448 072

VAT output payables and VAT input receivables are shown in note 6.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Matlou SM	51	393	444
Rapholo R H	94	392	486
	145	**785**	**930**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

Councillors were appointed during the financial year. Arrangements have been entered into for the amounts outstanding for more than 90 days so as to comply with schedule 1 of the Municipal Systems Act.

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 45 of the Municipal Supply Chain Management Regulations a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person whose spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. Details of any such transactions are highlighted below for the current year under review-:

Name of Employee	Position in municipality	Name of supplier	2015	2014	Total
Ngako Matlakala Lorraine	Community licencing officer	Batho Bareng Enterprise and projects	3 000	-	3 000

43. Budget differences

Material differences between budget and actual amounts

44.1 Service charges
Intergration of new debtors into the system as a result of the new valuation roll and the correct alignment and implementation of the estimate readings where meters were previously omitted.

44.2 Rental fees on facilities
Rental fees projection was based on the potential Makapanstad revamp, project finalised late in the year.

44.3 Other income
Own revenue under-projection as a result of not being in a position to quantify potential response to tenders and database registrations.

44.4 Interest received - investment
This inflow is due to municipality complying with its cash and investments policy. The CFO is required by the policy to invest any excess funds not immediately required for use by the municipality.

44.5 Property rates
2014-18 Valuation roll uploaded which incorporates farms and other new properties gained as a result of the 2014-18 valuation roll as well.

44.6 Government grants & subsidies
Late gazetting of the Provincial Infrastructural Grant which was not budgeted for but amended during adjustment budget.

44.7 Employee cost
There was a staggered filling of vacant positions due to prioritization of critical posts aligned to the objectives of the institution.

44.8 Remuneration of councillors
Minor time laps between termination and appointment of new councillors due to the IEC process. The process of refilling councillors positions is outside the control of the municipality and council.

44.9 Depreciation and amortisation
It is as a result of the revaluation of the assets using the correct unit rate as recommended by the AG in the prior year.

44.10 Finance costs
This is due to municipality complying with its cash and investments policy. The CFO is required by the policy to invest any excess funds not immediately required for use by the municipality.

44.11 Debt impairment
This is a result of the implementation of the revised policy. The methodology on the impairment of debt was approved by council and utilized to determine the debt impairment.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

43. Budget differences (continued)

44.12 Repairs and maintenance
Municipality's assets are still classified as being in good condition and therefore no major maintenance was required.

44.13 Bulk purchases
Was due to water supply restrictions carried out during the year. Water restrictions were carried out by the City of Tshwane outside on the agreed debt repayment plan.

44.14 Contracted services
The variance is due to the ripple effect of the 2013-14 contract termination. New contractor appointed during the 2014-15 financial year.

44.15 General expenses
Basic sanitation which was part of the infrastructure has been expensed in the current year thus causing a large variance against the budgeted amount.

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	701 000	-	-	-	-	-	**701 000**	-	-	-	-	-	-	701 000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	7 646 124	-	-	-	-	-	**7 646 124**	-	-	-	(630 557)	-	**(630 557)**	7 015 567
	8 347 124	**-**	**-**	**-**	**-**	**-**	**8 347 124**	**-**	**-**	**-**	**(630 557)**	**-**	**(630 557)**	**7 716 567**
Infrastructure														
Roads, Pavements & Bridges	897 190 941	137 522 935	-	-	-	-	**1 034 713 876**	-	-	-	(79 345 908)	-	**(79 345 908)**	955 367 968
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	897 190 941	**137 522 935**	**-**	**-**	**-**	**-**	**1 034 713 876**	**-**	**-**	**-**	**(79 345 908)**	**-**	**(79 345 908)**	**955 367 968**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance Lease assets														
Office Equipment	1 045 648	-	-	-	-	-	**1 045 648**	-	-	-	-	-	-	1 045 648
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 045 648	-	-	-	-	-	**1 045 648**	-	-	-	-	-	-	**1 045 648**
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	895 512	510 145	-	-	-	**(6 262)**	**1 399 395**	-	-	-	(245 232)	-	**(245 232)**	1 154 163
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	3 380 505	218 087	-	-	-	-	**3 598 592**	-	-	-	(436 914)	-	**(436 914)**	3 161 678
Office Equipment	768 334	-	-	-	-	-	**768 334**	-	-	-	(30 259)	-	**(30 259)**	738 075
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	4 790 449	-	-	-	-	-	**4 790 449**	-	-	-	(147 922)	-	**(147 922)**	4 642 527
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	129 593 235	140 029 425	-	(137 522 935)	-	**(2 016 943)**	**130 082 782**	-	-	-	-	-	-	130 082 782
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	45 249	296 085	-	-	-	-	**341 334**	-	-	-	(4 943)	-	**(4 943)**	336 391
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	139 473 284	**141 053 742**	-	**(137 522 935)**	-	**(2 023 205)**	**140 980 886**	-	-	-	**(865 270)**	-	**(865 270)**	**140 115 616**

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	8 347 124	-	-	-	-	-	**8 347 124**	-	-	-	(630 557)	-	**(630 557)**	7 716 567
Infrastructure	897 190 941	137 522 935	-	-	-	-	**1 034 713 876**	-	-	-	(79 345 908)	-	**(79 345 908)**	955 367 968
Community Assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Finance Lease assets	1 045 648	-	-	-	-	-	**1 045 648**	-	-	-	-	-	**-**	1 045 648
Other assets	139 473 284	141 053 742	-	(137 522 935)	-	**(2 023 205)**	**140 980 886**	-	-	-	(865 270)	-	**(865 270)**	140 115 616
	1 046 056 997	**278 576 677**	**-**	**(137 522 935)**	**-**	**(2 023 205)**	**1 185 087 534**	**-**	**-**	**-**	**(80 841 735)**	**-**	**(80 841 735)**	**1 104 245 799**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment properties														
Investment property	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total														
Land and buildings	8 347 124	-	-	-	-	-	**8 347 124**	-	-	-	(630 557)	-	**(630 557)**	7 716 567
Infrastructure	897 190 941	137 522 935	-	-	-	-	**1 034 713 876**	-	-	-	(79 345 908)	-	**(79 345 908)**	955 367 968
Community Assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Finance Lease assets	1 045 648	-	-	-	-	-	**1 045 648**	-	-	-	-	-	**-**	1 045 648
Other assets	139 473 284	141 053 742	-	(137 522 935)	-	**(2 023 205)**	**140 980 886**	-	-	-	(865 270)	-	**(865 270)**	140 115 616
Agricultural/Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Intangible assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Investment properties	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	1 046 056 997	**278 576 677**	**-**	**(137 522 935)**	**-**	**(2 023 205)**	**1 185 087 534**	**-**	**-**	**-**	**(80 841 735)**	**-**	**(80 841 735)**	**1 104 245 799**

Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Assets written off Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	701 000	-	-	-	-	-	**701 000**	-	-	-	-	-	-	701 000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	8 260 682	15 999	-	-	-	-	**8 276 681**	-	-	-	(630 557)	-	**(630 557)**	7 646 124
	8 961 682	**15 999**	-	-	-	-	**8 977 681**	-	-	-	**(630 557)**	-	**(630 557)**	**8 347 124**
Infrastructure														
Roads, Pavements & Bridges	1 106 337 410	648 453	-	(129 593 235)	-	-	**977 392 628**	-	-	-	(80 201 687)	-	**(80 201 687)**	897 190 941
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 106 337 410	**648 453**	-	**(129 593 235)**	-	-	**977 392 628**	-	-	-	**(80 201 687)**	-	**(80 201 687)**	**897 190 941**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Assets written off Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance lease assets														
Office equipment	3 171 551	117 643	-	-	-	-	**3 289 194**	-	-	-	(2 243 546)	-	**(2 243 546)**	1 045 648
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	3 171 551	**117 643**	-	-	-	-	**3 289 194**	-	-	-	**(2 243 546)**	-	**(2 243 546)**	**1 045 648**
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	895 414	546 663	-	-	-	**(155 862)**	**1 286 215**	-	-	-	(347 932)	(42 771)	**(390 703)**	895 512
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	5 066 130	161 946	-	-	-	**(605 132)**	**4 622 944**	-	-	-	(1 134 626)	(107 813)	**(1 242 439)**	3 380 505
Office Equipment	1 098 895	35 227	-	-	-	**(50 364)**	**1 083 758**	-	-	-	(315 424)	-	**(315 424)**	768 334
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	6 087 915	-	-	-	-	**(618 000)**	**5 469 915**	-	-	-	(305 413)	(374 053)	**(679 466)**	4 790 449
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	129 593 235	-	-	**129 593 235**	-	-	-	-	-	-	129 593 235
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	89 383	-	-	-	-	**(19 611)**	**69 772**	-	-	-	(23 810)	(713)	**(24 523)**	45 249
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	13 237 737	**743 836**	-	**129 593 235**	-	**(1 448 969)**	**142 125 839**	-	-	-	**(2 127 205)**	**(525 350)**	**(2 652 555)**	**139 473 284**

Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Assets written off Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	8 961 682	15 999	-	-	-	-	**8 977 681**	-	-	-	(630 557)	-	**(630 557)**	8 347 124
Infrastructure	1 106 337 410	648 453	-	(129 593 235)	-	-	**977 392 628**	-	-	-	(80 201 687)	-	**(80 201 687)**	897 190 941
Community Assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Finance lease assets	3 171 551	117 643	-	-	-	-	**3 289 194**	-	-	-	(2 243 546)	-	**(2 243 546)**	1 045 648
Other assets	13 237 737	743 836	-	129 593 235	-	**(1 448 969)**	**142 125 839**	-	-	-	(2 127 205)	(525 350)	**(2 652 555)**	139 473 284
	1 131 708 380	**1 525 931**	**-**	**-**	**-**	**(1 448 969)**	**1 131 785 342**	**-**	**-**	**-**	**(85 202 995)**	**(525 350)**	**(85 728 345)**	**1 046 056 997**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment properties														
Investment property	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total														
Land and buildings	8 961 682	15 999	-	-	-	-	**8 977 681**	-	-	-	(630 557)	-	**(630 557)**	8 347 124
Infrastructure	1 106 337 410	648 453	-	(129 593 235)	-	-	**977 392 628**	-	-	-	(80 201 687)	-	**(80 201 687)**	897 190 941
Community Assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Finance lease assets	3 171 551	117 643	-	-	-	-	**3 289 194**	-	-	-	(2 243 546)	-	**(2 243 546)**	1 045 648
Other assets	13 237 737	743 836	-	129 593 235	-	**(1 448 969)**	**142 125 839**	-	-	-	(2 127 205)	(525 350)	**(2 652 555)**	139 473 284
Agricultural/Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Intangible assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Investment properties	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	1 131 708 380	**1 525 931**	**-**	**-**	**-**	**(1 448 969)**	**1 131 785 342**	**-**	**-**	**-**	**(85 202 995)**	**(525 350)**	**(85 728 345)**	**1 046 056 997**